

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2084 - SB 2026**

February 6, 2018

**SUMMARY OF BILL:** Enacts the Annual Coverage Assessment Act of 2018, which establishes an annual coverage assessment on hospitals of 4.52 percent of a covered hospital's annual coverage assessment base:

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$446,579,800/FY18-19/**

**Maintenance of Coverage Trust Fund**

**Increase State Expenditures - \$446,579,800/FY18-19/**

**Maintenance of Coverage Trust Fund**

**Increase Federal Expenditures - \$861,427,300/FY18-19/**

**Maintenance of Coverage Trust Fund**

Revenue recognition in the amount of \$446,579,800 is included in the Governor's proposed FY18-19 budget (page A-36). Corresponding non-recurring appropriations in the amount of \$1,307,891,100 (\$446,579,800 in state funds and \$861,311,300 in federal matching funds) are also included.

**Assumptions:**

- Based on information from the Division of TennCare (Division), the 4.52 percent annual coverage assessment on hospital net revenues (as reported to Centers for Medicaid Services) will result in an increase in revenue to the Maintenance of Coverage Trust Fund (MCTF) of \$446,579,800.
- According to the Division, \$446,579,800 will be expended at a state rate of approximately 34.142 percent and will receive federal matching funds at a rate estimated to be 65.858 percent. The resulting increase in federal funds will be approximately \$861,427,347 [ $(\$446,579,800 / 34.142\%) \times 65.858\%$ ].
- The total increase to the MCTF is approximately \$1,308,007,147 (\$446,579,800 + \$861,427,347).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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